GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:6492
ANSWERED ON:07.05.2003
CLOSURE OF SSI IN JHARKHAND AND BIHAR
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Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether a large number of small scale industries have been closed in Jharkhand and Bihar;

(b) if so, the number thereof and the reasons therefor; and

(c) the steps taken to revive these industries?

Answer

MINISTER OF SMALL SCALE INDUSTRIES AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (D THAKUR)

(a) & (b): As per the sample survey of registered Small Scale Industrial (SSI) units conducted during 2000-01 in respect of units registered upto 31.03.1998, it was estimated that 29% of the SSI units were closed in the country. The Reserve Bank of India (RBI) compiles data on sick SSI units financed by the scheduled commercial banks. As per the latest information available with the RBI, there were 2105 and 15,181 sick SSI units as at the end of March, 2002 in the States of Jharkhand and Bihar, respectively. The main reasons of closure are inadequacy/ shortage of working capital, fall in demand, changes in technology, shortage of raw materials; marketing problems, increase in competition, management inadequacies, etc.

(c): Government is fully seized of the incidence of industrial sickness among SSI units and has taken various measures to facilitate timely identification and rehabilitation of potentially viable sick units. Some specific measures for tackling sickness are as under :-

1. RBI has issued detailed revised guidelines to banks on 16th January, 2002 for detection of sickness at an early stage and taking remedial measures for rehabilitation of sick SSI units identified as potentially viable. The revised guidelines include criteria for identifying sick units as per revised definition.

2. Setting up of Institutional mechanisms in the form of State-level Inter-Institutional Committees (SLIICs) for timely identification and rehabilitation of potentially viable units.

3. Special rehabilitation cells in banks and State financial institutions.

4. Elaborate guidelines issued by the Reserve Bank of India for extending rehabilitation assistance to eligible units.

5. A One-time Settlement formula (Samadhan Scheme) upto loan of Rs. 5 crore was announced by RBI on July 27, 2000 for one time settlement of dues.

6. RBI had announced another One-time Settlement scheme upto Rs. 10 crore on 29th January, 2003.